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**EFFECTS OF REDUCED INFRASTRUCTURE
AND BASE OPERATING SUPPORT
INVESTMENTS ON NAVY READINESS**

HEARING

BEFORE THE

SUBCOMMITTEE ON READINESS

OF THE

COMMITTEE ON ARMED SERVICES
HOUSE OF REPRESENTATIVES

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HOUSE OF REPRESENTATIVES,
COMMITTEE ON ARMED SERVICES,
SUBCOMMITTEE ON READINESS,
Washington, DC, Friday, January 8, 2016.

The subcommittee met, pursuant to call, at 8:01 a.m., in room 2118, Rayburn House Office Building, Hon. Robert J. Wittman (chairman of the subcommittee) presiding.

**OPENING STATEMENT OF HON. ROBERT J. WITTMAN, A REP-
RESENTATIVE FROM VIRGINIA, CHAIRMAN, SUBCOMMITTEE
ON READINESS**

Mr. WITTMAN. I will call to order the Subcommittee on Readiness, subcommittee of the House Armed Services Committee. I want to welcome everybody this morning. Thank you all for being here for today's readiness hearing on the effects of reduced infrastructure and base operating support investments on Navy readiness.

This is the second of three hearings on this topic. In December, the Army and Marine Corps testified to increased readiness risks due to reduced installation investments. I look forward to hearing the views of the Navy today and the Air Force next week.

I would like to welcome our Navy panel of experts. This morning, we have with us Vice Admiral Dixon Smith, Commander, Navy Installations Command; Rear Admiral Mary Jackson, Commander, Navy Region Southeast; Captain Louis Schager, Commanding Officer, Naval Air Station Oceana.

Over the last several years, the subcommittee has largely focused on operational readiness recovery since the drawdown of forces in Iraq and Afghanistan. At the same time, the Department of Defense assumed risk in infrastructure investments and reduced mission support services by redirecting funds from installation programs to other operational and training budget priorities.

Uncertain funding levels stem from repeated continuing resolutions [CRs], and sequestration exacerbated these risks. The purpose of this hearing is to clarify the Navy's choice for infrastructure and installation services, to address funding priorities and mitigation strategies, and to gather more detail on the current and future impact of these decisions on operations and training from the commanders' perspective.

As witnesses testify, I would ask you address existing risk in the infrastructure and installation support program and impacts to readiness; also, how will the recent 2-year budget reshape those

risks and impacts; and what will the level of risk and impacts over the next 10 years be if budget levels remain constant or return to sequestration levels.

I would like to now turn to our ranking member, Madeleine Bordallo, for any remarks that she may have.

[The prepared statement of Mr. Wittman can be found in the Appendix on page 35.]

STATEMENT OF HON. MADELEINE Z. BORDALLO, A DELEGATE FROM GUAM, RANKING MEMBER, SUBCOMMITTEE ON READINESS

Ms. BORDALLO. Thank you very much, Mr. Chairman.

And I thank the witnesses for being here this morning.

I do thank you, Mr. Chairman, for arranging this hearing on our infrastructure investments and their effect on our Navy readiness. This hearing continues the series of hearings that we are conducting to look into how reduced infrastructure investments impact the readiness.

To the witnesses, I thank you all again for your service and for being here today.

Over the years, this subcommittee has held hearings on the state of our military infrastructure and the impact that budget decisions have had on the Department's ability to maintain and recapitalize that infrastructure. This subcommittee has closely examined issues impacting the state of our military's readiness and the devastating impacts that sequestration have had.

As we receive testimony from each service—Army and Marine Corps in December and the Navy and the Air Force this month—I believe this is the first time that we have held subcommittee hearings where we attempt to understand the impact that budget decisions regarding military infrastructure and installation support are having and will have on training and readiness in the future.

We have heard evidence from several military installations that is indicative of adverse impacts to training and operations due to degraded infrastructure and installation support, and if this is the case, there are indications of a broader trend. The subcommittee needs to understand what the impacts are and what needs to be done to address this situation.

We often hear that the Department is accepting risk due to the budget constraints that Congress has placed on the Department. For the Navy's infrastructure program, this can be seen in funding FSRM [Facilities, Sustainment, Restoration, and Modernization] below the OSD [Office of the Secretary of Defense] model of 90 percent and in a decrease in military construction funding compared to pre-sequestration levels. We also hear that the Department is managing that risk and still performing the mission.

We understand and appreciate the military's can-do and make-do attitude, but I hope that today our witnesses will provide specific examples of how this risk in the infrastructure enterprise has impacted military readiness or could impact military readiness.

For example, we need to know if training opportunities are being lost, scaled down, deferred, or canceled because our range safety and training functions are not adequately funded. We need to know if training sessions or mission functions are not realistic or ade-

quate to meet current operational needs because the facilities in which such training is conducted are not serviceable.

Already, our full-spectrum readiness recovery timelines extend beyond 2020, and even that can be accomplished only with stable funding.

So this has resulted from a series of financial decisions to defer spending on preventive maintenance in favor of more pressing readiness elements and, frankly, with the Navy for shipbuilding and other capital asset priorities. However, we cannot afford to continue neglecting critical installation maintenance projects without seeing readiness being significantly affected.

Without fully equipped, functioning, and well-maintained installations, we cannot generate the readiness that is needed, and our men and women in uniform as well as our civilian personnel performing their duties around the country and the world deserve that.

So, again, Mr. Chairman, I thank you for holding this very important hearing.

Mr. WITTMAN. Thank you, Madeleine.

Admiral Smith, I have been told you will be making one opening statement on behalf of all the witnesses, so please proceed. And, as a reminder, your written testimony has already been made available to our members and will be part of our official record.

Admiral Smith.

STATEMENT OF VADM DIXON R. SMITH, USN, COMMANDER, NAVY INSTALLATIONS COMMAND; ACCOMPANIED BY RADM MARY M. JACKSON, USN, COMMANDER, NAVY REGION SOUTHEAST, AND CAPT LOUIS J. SCHAGER, USN, COMMANDING OFFICER, NAVAL AIR STATION OCEANA

Admiral SMITH. Thank you.

Mr. Chairman, Ranking Member Bordallo, and distinguished members of the committee, I appreciate the opportunity to discuss the impact of reduced infrastructure and base operating support investments on readiness with you today.

I am proud to represent the more than 52,000 military and civilian personnel and their families who are dedicated to the shore mission, sustaining the fleet, enabling sailors, and supporting our Navy family.

Joining me today, Mr. Chairman, as you said, Rear Admiral Mary Jackson, Commander, Navy Region Southeast, out of Jacksonville, Florida, and Captain Louis Schager, our commanding officer at Naval Air Station Oceana in Virginia Beach.

I would also like to introduce my Force Master Chief, Andrew Thompson, who, while not part of this panel, is here with us today. I rely heavily on his insight and counsel. He plays an integral role in our ability to manage our shore enterprise operations, particularly when it comes to the quality-of-life programs for our sailors, civilians, and families.

With 70 installations worldwide, the Navy shore enterprise is much more than buildings, piers, and runways. Our shore installations provide the platform to train and enable our sailors, sustain our ships and aircraft, and support our military families. They are the backbone, launch platform, safe haven, and home of our fleet.

The shore enterprise is complicated and vast, with a mission that spans from operating ports and airfields to security, child care, counseling, housing, food service, just to name a few. We are constantly juggling multiple priorities to support emerging fleet needs and requirements. Our fleet relies on us.

Yet budget shortfalls have compelled the Navy to reduce our investment in shore readiness to preserve the operational readiness of our fleet. Looking at our existing facilities, we are currently funding the sustainment, restoration, and modernization of our facilities only enough to maintain the overall condition of our most critical infrastructure for the short term. We are funding facility sustainment below the Department of Defense goal of 90 percent, and our facilities are deteriorating at an accelerated rate.

Regarding the operation of our installations, we remain committed to adequately funding fleet operations, sailor and family support programs, and child development. However, due to funding shortfalls, we continue to accept a deliberate level of risk for the remainder of our base operating support functions, such as facility services, ground maintenance, and administrative support.

While these situations are not ideal, they are necessary in today's fiscal environment. I realize this hearing is not the first time you have heard about the strain that is put upon our shore leaders across all military services and the challenging decisions we make every day. Navy's challenges are very similar to the other military services. Shore infrastructure and support services are enablers to training and operational capabilities, readiness, morale, and health and well-being of the overall force.

Having served as a base commander, regional commander three times, and now as Commander, Navy Installations Command, I have experienced firsthand the challenges and the opportunities across the shore domain. I have made it a priority to connect with our operational commanders and sailors to witness firsthand the direct impact our installations have on readiness. I have been impressed by the dedication and commitment to delivering the quality support we provide to our fleet, our sailors, and the Navy family.

Thank you, Mr. Chairman. I look forward to your questions.

[The joint prepared statement of Admiral Smith, Admiral Jackson, and Captain Schager can be found in the Appendix on page 36.]

Mr. WITTMAN. Thank you, Admiral Smith. I appreciate that perspective.

I want to begin by asking, what categories and types of installation services are most important for the Navy in raising and sustaining readiness?

And, as you point out, with infrastructure investment being below target goals, being below OSD goals, what does the Navy do to prioritize where the limited dollars go as far as sustaining Navy readiness? So if you can give us an idea, across which types of facilities, which areas do you target the dollars that you do have in order to do the most to sustain readiness?

Admiral SMITH. Yes, Mr. Chairman.

So our top priorities are sustaining that fleet readiness and also our strategic deterrent triad. So we focus and make sure that we are funding our nuclear weapons facilities, making sure that they

are fully where they need to be, and then also things that take care of that fleet readiness, so our shipyards and depots. We ensure that they are getting the resources they need to bring them back to where they need to go.

We also focus on other critical operations, so our communications stations, our runways, supporting facilities for our airfields and our ports. At the same time, we also need to make sure that we are taking care of our fire and security assets.

And then we go look at our quality-of-life programs, again, making sure that we are funding the first ones that I mentioned in my opening comments—child care and the quality-of-life programs.

Mr. WITTMAN. Thank you, Admiral Smith.

I am going to go down to Ms. Bordallo.

Ms. BORDALLO. Thank you, Mr. Chairman.

As you said in your testimony, Admiral, the fiscal constraints have required commanders at the Pentagon and the field to prioritize critical maintenance and operational readiness needs against deferring less pressing restoration projects. So, as you note, that is not a sustainable solution in the long term.

Could you elaborate on the broader impacts on future readiness and quality of life for our sailors that result from deferring non-critical costs?

Admiral SMITH. So, when we take risk now, we are pushing that risk out. And so we keep an eye on that very closely. And that long-term risk, as we move towards that, that becomes then what we focus on. So what we are putting ourselves into is a reactive mode, and we don't as much look forward and are ahead of the problem and prioritize. We become reactive.

So we get to the point now where we don't fix things, repair facilities, infrastructure that we know is coming required until it breaks. And so that means we take money away from things that we program for to fix the now.

If it is an operational necessity or if it is an air conditioning system in a child development center [CDC]—I mean, we just had, this week, a boiler system go down for a child development center. And so we weren't expecting that, so we took those funds from something else to get that facility back up to take care of our families and get those kids back in that CDC.

Lou, I don't know if you want to extrapolate on that down at the installation level.

Captain SCHAGER. Yes, sir.

I agree with Admiral, in that oftentimes it feels like we are treating symptoms and not the root problem.

And I think the long-term sustainability of, for example, hangars at Oceana, we have a project that is correcting some issues at one of our hangars currently. That will be done within a couple months. All the hangars have issues and challenges. A lot of roofs are leaking. We have some fire protection challenges, some—AFFF, which is a foam used to fight aircraft-specific fires, we have some challenges in the hangars for that.

And so we have mitigated that risk by having maintainers aware of those challenges. They communicate with the fire department, our own fire department, before they do specific kind of maintenance.

nance that could affect that. And so that is how we mitigate those kind of risks.

However, if I had enough money to repair all of the hangars right now, I couldn't do it, because right now we shifted squadrons to other hangars, so there is not room, there is not capacity to move all these squadrons around while repairing hangars. We can do one at a time.

And so that is why it is really crucial to have a plan laid out where it is predictable and the commodore can count on this hangar being repaired at this time, so when the squadron returns from deployment they can get back into their training cycle.

And so I think, segueing or continuing on with admiral's thoughts, I think if we don't have that sustained programmatic funding, I think it will exponentially get more difficult to manage those risks as we continue on.

Ms. BORDALLO. Yes, Rear Admiral.

Admiral JACKSON. Ma'am, if I could just also add, from a regional perspective, our process by which we are aware of the projects that are needed, either because of life cycle or because of degradations over a period of time and our condition indexes are low, we have a process by which we know that and we rack and stack and we work very closely with our warfighters, our warfare enterprises, to make sure that we have that awareness.

But, as the installation commander pointed out, there is only so much to go around. And so what happens is, although we have a plan, for example, to change out an entire system, a chiller system at a dry dock or HVACs [heating, ventilating, and air conditioning] at missile processing plants, we end up dealing with the breakages that occur.

So we will fix pieces and parts rather than holistically, when the whole system needs to be fixed. And so we then get hit twice, because we do the small repair, but then we still have to do the longer, big repair to get us back to where we need to be.

Thank you.

Ms. BORDALLO. Well, I certainly couldn't agree with all of you more, because the minute you neglect maintenance, you are in trouble.

But as a follow-up, facility sustainment has taken the biggest hit in infrastructure and base support investments since sequestration became the law of the land. So, as we work to restore regular order and provide future-year fiscal awareness, I was encouraged by progress in the fiscal year 2016 budget request, which took steps to address critical maintenance needs, particularly within the facilities sustainment, restoration, and modernization accounts.

What steps do you see or anticipate being taken to implement the April 2014 OSD facility sustainment policy memorandum, particularly to meet the 90 percent sustainment requirement?

Admiral.

Admiral SMITH. Yes, ma'am. So the sustainment levels that we are getting right now will just reduce the decline. So, as you indicated, we are being funded to less than the 90 percent that OSD desires. Our facilities right now have a Facility Condition Index code of just over 80 percent. With the current funding level, that is going to decrease at .5 percent a year, so we are going to be at

a 2.5 percent decrease by the end of this FYDP [Future Years Defense Program].

So the funding that we have received is slowing that decline, but we are still declining.

Ms. BORDALLO. Thank you.

And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

We will now go to Mr. Scott.

Mr. SCOTT. Thank you, Mr. Chairman.

And my question gets to demolition of obsolete buildings. How many buildings does the Navy currently have that are considered obsolete?

Admiral SMITH. I will have to take that for the record. For the total Navy, I don't know that.

[The information referred to can be found in the Appendix on page 47.]

Admiral SMITH. Mary or Lou, do you know specific numbers for your installation or region?

Mr. SCOTT. Do you know approximately?

Captain SCHAGER. Sir, I can tell you, this fiscal year—and thanking the committee, because I think Oceana has been a benefactor of identifying some needs, but we have demolition money this year of just over \$2 million.

We have some facilities, I think seven, that are going to be demoed. And those are not large facilities, you know. Those encompass a variety of things that will help create some efficiencies in how we operate on the installation.

Mr. SCOTT. And I know you were taking it for the record. I would also like to know how many were demolished last year.

It seems to me that a tremendous amount of money could be saved if we were more aggressive in the disposal properties that we know are obsolete instead of maintaining them to any standard when we are not going to use them.

Admiral SMITH. Yes, sir. No, and I will get you that number, but you are correct. So, in a pressurized fiscal budget, where we have to make decisions, there are plenty of facilities that we would like to demolish. We are not demolishing those because we have to take that money and put it elsewhere.

So, some years in the past few years, we have had a zeroed-out account. Others, we have less demolition funds than we would like to be able to demo. And, as you point out, while we put them in lay-up, there are still things we need to do to maintain them, plus they are eyesores and all the other things that come with dilapidated buildings.

So we are not demoing what we need to demo. We are increasing and inheriting a backlog on that, and it is increasing. And I will get you the specifics on that.

Mr. SCOTT. I think one of the things that would be helpful to the committee, as well, is, certainly in the private sector, what you would look at is how much am I going to pay to maintain that facility to any standard versus what does it cost for me to demolish it and how many years does it take for me to get the payback to go ahead and get rid of the building. And, certainly, if your return on

that is over the course of 2 or 3 years, it makes a lot of sense to go ahead and get rid of the building.

But those are the issues that I would appreciate some additional details on.

Admiral SMITH. Yes, sir.

Mr. SCOTT. And, other than that, thank you for your service and——

Admiral SMITH. Mary?

Mr. SCOTT [continuing]. Thank you for being here today.

Admiral JACKSON. Sir, if I may add, from a regional perspective, when we are talking about demolition—and I don't have the exact numbers, and we will provide that. But, predominantly, when we are talking about demolition, we are in those facilities and using them for the requirements as best we can. And in many cases—I won't say all, but the preponderance—it is because we want to demolish and then replace it. Because the requirement still stands.

Mr. SCOTT. Okay.

Admiral JACKSON. It has evolved. Perhaps——

Mr. SCOTT. Sure.

Admiral JACKSON [continuing]. There has been a mission growth that we need to address. But it is not as easy as taking the building completely down to the ground and not being able to replace it, because the requirements are still very real.

Mr. SCOTT. Sure. If it is obsolete, you would assume that it was vacated. If it is obsolete and not vacated, then that is a different scenario. So maybe you could break it down between the ones that are vacated and the ones that are not vacated.

One last question. How much do we spend—you probably can't quantify this. How much are we spending in addition on repairs and maintenance because of the bid process, where you are forced to take the lowest bid instead of the best bid, if you will, from the best contractor, when the original building, facility, is built?

Admiral SMITH. You are correct; I am not sure how I can quantify that. And that is something I am going to have to go dig into and analyze.

You are right, we go with the lowest bid. How does that impact the product we get and what follow-on repairs maybe we have to have? I don't know. I will have to go do some analysis on that.

[The information referred to can be found in the Appendix on page 47.]

Mr. SCOTT. I spoke to a contractor in an airport one time, and he suggested that he was making a very good living doing the repairs on buildings because of the DOD [Department of Defense] rules forcing the cheapest bid to be accepted instead of the best contractor being allowed to do the job.

And I just wonder if there is a way that we could put some flexibility in there, where, when we had contractors that we had worked with, that we knew delivered a high-quality product, that we could select them based on their product and their quality that we knew they had instead of being forced to take the lowest bid.

Mr. Chairman, I yield the remainder of my time.

Mr. WITTMAN. Thank you, Mr. Scott. I appreciate that.

I know that Chairman Thornberry, especially in the hearing yesterday, is very committed to that exact concept of best value as

part of acquisition and making sure that we are looking at lifecycle cost, not just the initial cost, but the lifecycle cost. So I think that is an important point. It is certainly something we are going to continue to focus on.

Thank you, Mr. Scott.

We will now go to Mr. Peters.

Mr. PETERS. Thank you, Mr. Chairman.

I want to thank the witnesses.

I want to give my special greetings to Admiral Smith. San Diego sends its warm greetings to you and to Kiki, as well. So, good to see you.

You know, just speaking of my hometown, we have been battered through this El Niño storm by amazing records of levels of rain and weather patterns. We had a tornado warning in central San Diego for the first time that anyone can remember.

It occurs to me that there are always challenges in all the water-side properties that you have, but I wonder if you feel like we are where we need to be with respect to storm water and maintenance in the face of these kind of extreme weather events, if there is anything we should be doing together to help you with these kind of sudden, unexpected weather events that we seem to be seeing.

Admiral SMITH. Thank you, sir. And I will ask the skipper at Oceana to go to a tactical level here in a second.

But you are talking to our utility systems and storm water falls in our utility systems, or whether you are talking steam plants or energy or electricity, and that is an area that has been neglected over the years. And so we now have a process where we, enterprise-wide, rack and stack those from each of the installations and then prioritize those at the enterprise level to start getting those recapitalized across each of the installations.

As you know, back at Coronado several years ago, we lost a 14-inch water main. That was a World War II water main. And that caused some challenges there at Coronado several years ago. And that is another example where we weren't expecting that and had to shift funds that were programmed to go fix something else and get that waterline fixed so we could get that base up and operating.

Lou, do you have specifics down at the installation?

Captain SCHAGER. Good morning, sir. Thanks for the question.

At Oceana, I am also responsible for Dam Neck Annex, which is about 2½ miles of beach line, and so we regularly think about the effects of major storms, including hurricanes. This last year, we have spent over \$7 million on a shore protection system, fortifying and bringing sand from a couple miles out, providing that barrier that we need for our installation, as well as doing small things like planting trees. My natural resources director, I think, has planted over 40,000—not herself, with other folks—along the beach line that help prevent that erosion.

Further inland, with our infrastructure, it is—you know, Oceana came about in 1943, so I imagine a lot of the piping and the sewer is quite old, and that is something we are going to keep a close eye on as we continue.

Mr. PETERS. You know, one of the first things we did after I was elected to Congress, we voted \$60 billion off budget to deal with Hurricane Sandy. No one likes spending that kind of money. You

sort of get to a point where, when you are reacting, there is nothing you can do; you have to react. But we looked a lot into, you know, what to do about that and how to be prepared. And, in general, we found that for every dollar you spend on preparedness you save about \$4 on cleanup, whether it is FEMA [Federal Emergency Management Agency] or the Small Business—probably the Navy too.

So I guess what I am interested is, do you feel like we have a plan going forward, sort of, in general to prepare for these kinds of things to make sure that our bases, in particular, are prepared for these kinds of things so that they don't cost so much on the back end for cleanup?

Admiral SMITH. We have a plan, and we try to get after that plan. When you go down to the discussion we had up front of what our priorities are, those priorities for resiliency of the base from a utility perspective, while obviously very important and critical, don't rise to the same level of making sure we get ships underway, aircraft off the deck, submarines away from the pier, and making sure that our strategic assets are properly protected.

And so they are important; we work at them. We are not working at them at the rate we would like to, but we have a plan to get after them.

Mr. PETERS. Okay. Well, I appreciate that.

And, also, you know, we are trying to figure out how to fit some destroyers into San Diego, too, and you have a lot of things to balance. So I appreciate that the issue is difficult. If there are things that we can work together on along those lines, I would be appreciative knowing, particularly around NDAA [National Defense Authorization Act] time, how we can plan ahead a little bit, make sure that we are ready.

And, again, thanks for coming, and thank you all for your service.

I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Mr. Peters.

We will now go to Ms. Stefanik.

Ms. STEFANIK. Thank you, Mr. Chairman.

I represent the Kenneth A. Kesselring nuclear reactor training site located in Saratoga County, New York, and, as you know, the infrastructure investment at this site is critical to DOD's successful training mission, which directly impacts our national security.

The unique training and R&D [research and development] missions of the Kesselring site demand sustainable infrastructure, facilities and equipment to train Navy sailors on how to safely operate nuclear reactors that power Navy submarines. And, thankfully, Congress recently fully funded this important infrastructure program, which maintains the viability of the site and enables an effective mission and distinctive capability to continue.

But what concerns me is the method of moving funds that are already allocated to infrastructure and are being redirected to operations, which could be deemed a higher priority. And, as I see it, this can have significant impact on our Navy's readiness.

So, Vice Admiral Smith, my question is: To what extent do you anticipate the method of redirecting funds from sustainment accounts over to other priorities? How much will this continue to

occur? And is there a potential for this redirecting to directly have an impact on the readiness of nuclear training locations such as the Kesselring site?

Admiral SMITH. Thank you, ma'am.

As you indicated, Kesselring is funded—that is a Department of Energy facility, as you know and are aware, and that has been fully funded.

When funds are shifted from the maintenance to the operational, we, again, go back to that priorities and making sure that it does not impact or affect the nuclear triad and the strategic facilities and requirements we need to meet. So that is our number-one priority.

And up there, from a quality-of-life perspective, which we have right now, we make sure that the quality-of-life mission is being met up there at Saratoga Springs and Kesselring.

So the funds do get shifted out; that is when we go to our priority list and make sure that we are meeting our top-line requirements and then work down our priority list.

Ms. STEFANIK. Great.

So, you know, you mentioned this earlier, and you sort of touched on this in your response. You said you have taken a deliberate level of risk on base operating support functions. So how are unique substantial nuclear training locations like Kesselring prioritized when making such a consideration?

Admiral SMITH. They are at the—I can't say they are at the top of the list. They are at the high end of the list. Specifically where they fall out, I don't know off the top of my head here, but we pay close attention to them, because, obviously, we have to make sure those crews are properly trained to be able to do their mission at sea. And if we do not provide the resources, the facilities, the instructors, and the curriculum to properly train them, they are not going to be ready to do their job, their mission at sea.

And so we focus on that very closely so when those strategic assets leave port and go to sea to do the mission they are ready to execute and carry that out on a moment's notice.

Ms. STEFANIK. Great. Thank you very much.

I yield back.

Mr. WITTMAN. Thank you, Ms. Stefanik.

We will now go to Mrs. Davis.

Mrs. DAVIS. Thank you, Mr. Chairman.

And I certainly want to join my colleague in welcoming all of you here today but particularly Admiral Smith for the exceptional work that he did in San Diego. And I know, as you might know too, when you are in charge of a Navy Region Southwest, Southeast, you are really the Navy mayor for the city. And that makes a big difference to San Diegans.

And I think that what was striking and, I think, always encouraging was the support for the men and women who serve in our Navy and really being focused on the quality of life. And I know, within that context, it must be especially discouraging when you say in the statement that, you know, you see some readiness disparities in the living conditions for sailors who are unaccompanied and those who are residing in family housing. And you note that

there are 50 percent readiness disparities for sailors living in the barracks and 77 percent for those residing in family housing.

So how do we square that, I guess? What can we do to balance the cost of modernizing the barracks while maintaining the safety of our most valuable asset, and, of course, that is the sailors below the—above—I am sorry—the 50 percent level?

Admiral SMITH. Yes, ma'am. Thank you. I am going to ask the skipper to talk a little bit about specifics at Oceana and what he is doing with his barracks there.

But before I yield to him, as we focus on those top-line priorities, we also need to focus on the quality of life, as you mention, with barracks and housing. And so we do take care of those, not as fast as we would like because of the funding challenges. And so that timeline to get them to the quality that we want is taking longer than we desire, but we are systematically moving through those.

Lou has got some barracks that he has programmed to work right now, and so I would ask Lou to talk specifics at his installation—number of facilities you have and which ones you are getting fixed and what that means from a timeline perspective.

Captain SCHAGER. Yes, sir.

Thanks, ma'am, for the question.

At Oceana, we have 13 barracks. Currently, 10 of them are rated substandard. I will say that we have a new barracks that is being built, a \$30 million MILCON [military construction] project that we are very grateful for. That should be on line in March. Of those 10, we have 5 that are currently being programed and funded to get rectified and bring back up.

And the moniker I use around Oceana, as far as when I look at public works and installations, we look at roofs, boilers, chillers, and fire protection. And that is kind of the mantra, and that is what we look at. So when we look at the barracks, those are the things that we are looking at to make sure are working, because we want our sailors and marines to have hot water in the morning. When it is hot out, we want them to come back after an 18-hour day on the fly line to be able to go back into a cool room.

So, although we have still have a ways to go, I think that goes to the thought that we need to have a systematic, programmatic way of making sure these funding streams continue so that all of these barracks for the sailors and marines are brought back up to standard.

Mrs. DAVIS. Uh-huh.

Admiral.

Admiral JACKSON. Ma'am, regionally, as the installation CO [commanding officer] articulated, we make sure we understand the condition of all of our unaccompanied housing and have projects on the books to be able to work through modernization of those.

I would like to give you an example of a case where we worked through a situation where some of our rooms and unaccompanied housing—in this case, it was at New Orleans—where, because of some mold and some ventilation problems, we had to take the rooms off line. We just cannot have people in those rooms, so we took them off line. And we didn't have the inventory of additional rooms, and it had a direct impact to the operational forces that are working out in New Orleans.

So we had to recode Navy Gateway Inns and Suites rooms, essentially hotel rooms, to be able to move those service members into those rooms, the Navy Gateway Inns and Suites rooms, until we were able to put a repair for ventilation and address the environmental issues in our UH [unaccompanied housing].

So we didn't fix the problem, again, holistically, but we put a Band-Aid repair. And we did that by working very closely with our customer, talking to them about their throughput of personnel, and then also making sure that we were taking care of them. So sometimes it is about moving people and rooms around on the chessboard. The same thing occurs with hangars when hangars go down.

Thank you, ma'am.

Admiral SMITH. So I would just add, so that is a great example of how we continue to meet the mission when these kind of challenges pop. So we didn't put any single sailors out on the street. Admiral Jackson, her team down at the base in New Orleans, took care of them. What we ended up doing is folks that would have used the on-base hotel, if you will, now had to go to a hotel out in town.

So, not optimal, but it took care of our sailors, ensured they were being taken care of until we got the problem resolved, and then we were able to bring them back into the barracks. And we do that in all our mission areas all the time.

Mrs. DAVIS. Thank you.

Mr. WITTMAN. Thank you, Mrs. Davis.

We will now go to Mr. Russell.

Mr. RUSSELL. Thank you, Mr. Chairman.

And thank you for your service and testimony here today.

In the 2016 NDAA, we were careful to, on the overseas contingency dollars, to try to make them more fungible so that, if they could be directly related to contingency support, you might have some flexibility at your installations for that support. And you spoke here about hangars, COMMs [communications], airfields. I mean, those are mission-essential elements that we see there.

Can you speak to the impact that that may have, or will you be able to make good on some of that?

Admiral SMITH. I am going to have to go look and see exactly where we are spending our OCO [overseas contingency operations] dollars. I don't know where we are dividing those and specifically where we are using that budget line, at what resources, at what facilities to take care of. So I owe you that.

[The information referred to can be found in the Appendix on page 48.]

Mr. RUSSELL. Okay.

Admiral JACKSON. Sir, in fiscal year 2011 and 2012, in my region, the Southeast Region, we were dependent on OCO. It was in the millions. And, last year, we were at half a million in OCO funds, and it went into my port OPS [operations] program, primarily for contracts to take care of some of the BOS [base operating support] support at my ports.

So that will give you an example. I think we have worked hard to not be dependent on OCO, and that is where we have been moving.

Mr. RUSSELL. Yeah, we would all like to not be dependent on OCO, but I think, you know, in a bipartisan fashion, what we saw was that there was a need, and we tried to provide a little flexibility. It is baling wire and duct tape, but, you know, maybe it can go.

You spoke on quality of life, and, having spent a career in the military, I understand how important that is, especially during deployments. Can you address that specifically, what your concerns are on the shortfalls? Because it is not often addressed; it is usually last on the list. And I would be interested in your thoughts there.

Admiral SMITH. So, when sequestration occurred, we had to reduce a lot of our quality-of-life facilities. So we reduced hours in the gyms. We reduced hours in our single-sailor facilities. We have now been able to buy some of that back, but when the budget starts getting pressurized more, that is where we go. So we still provide gym hours, we still provide the resource, we just don't provide the volume of it.

Just this year, we have gone back and increased our gym hours an additional 4 hours every day. That has been very well received. We are increasing right now some of our CDC hours. Our single-sailor hours have come back.

And so we watch that closely. I really watch that in our facilities that, what I refer to as over the horizon, so not metro areas, where there is not much to do outside the gate. We also, from a prioritization standpoint, focus overseas, focus in remote areas, and then focus in the metro areas.

Lou, you can probably give a couple examples at the installation level of how you focus on quality of life and how you prioritize what you do and don't do.

Captain SCHAGER. Thanks for the question, sir.

I know that for Fleet and Family Support Center services, those are crucial for quality of life for our sailors and their families. That peace of mind, when a sailor or marine is deployed, that their family can go to a resource which they know they can get support.

I know recently the Navy has initiated two programs that I think are wonderful—the Navy Wounded Warrior Safe Harbor Program, the Navy Gold Star Program—two programs that are very, very important, as you know. But I think it is a zero-sum, and a program that we are in the process of phasing out is the Relocation Assistance Program.

So, in a perfect world, we would be able to keep all of these programs for these families, but we know that that is not the reality. And how do we mitigate that? Well, we ask other entities on our installation to see if they can assist in managing that Relocation Assistance Program.

Mr. RUSSELL. And you bring up a good point on the mitigation. In fact, there is a lot of political hay made about, you know, why do we have commissaries, why do we have base exchanges, why do we have those sorts of things. But I don't think there is a clear understanding, the impact of those dollars that come in to the MWR [Morale, Welfare, and Recreation] programs. And if you have sailors in a gym, they are fit sailors. That affects readiness.

And so could you speak to that a little bit?

Captain SCHAGER. I know for a fact that our sailors love, and their families, love the activities that we have on the installation. My MWR team is very robust, and whether it is family fests we have quarterly or events around the holidays, especially for those families whose husbands or wives are deployed or children are deployed, it goes a long way and provides that great peace of mind.

So I do think they are invaluable, and they are a great part in making sure that readiness is there. Speaking from firsthand experience, I know that when I am flying combat missions over Afghanistan what allows me to do that comfortably is know that my family is well cared for back home, both within the fence line of Oceana as well as outside the fence line in the community of Virginia Beach, which is wonderful. We have a wonderful relationship with the community there.

Admiral JACKSON. So we have an expectation that our commanding officers are getting a pulse on what their tenant commands need. And sometimes it is hard to quantify whether they are happy and getting the resources that they need. So that happens through the communications, the constant drumbeat with the tenants, making sure through tenant command meetings, through the senior enlisted command master chiefs, whether or not they are getting what they need.

And then we tailor it. So Admiral Smith talked about what we might do at an over-the-horizon location because of where they are. Maybe they are remote; maybe they have better resources in town. And so then we can also tailor that and modify it. We have the ability to modify maybe the hours or the services they are getting or provide more of one thing, like more outdoor recreational facilities because of where they are versus another.

And then another layer to that is what we do outside with the community and those relationships with the community and building support so that it is not just very insular at the installation but it is layered. And we get amazing support from all of our communities, but it is about our team getting out there and educating and making those relationships.

Admiral SMITH. If I may?

So I have had the privilege of visiting 69 of our 70 installations. And if you want to just kind of bin what I focus on when I go out and spend a day at an installation is I look at—I go and say, I want to see your worst stuff, I want to see what you are most proud of, and I want to see your quality-of-life stuff. And so I get into the gyms, I go to the Fleet and Family Service Center, I go to Navy-Marine Corps Relief.

I want to see that stuff, I want to understand it, because we are pressurized and we have challenges. And I want to know that installation X has got a challenge and installation Y has got a challenge, and I want to know which challenge is worse, because that is the one I am going to go out and focus on and get fixed.

And then, you know, we also look in remote areas. So, as we go back to Saratoga Springs, we don't have a gym on that facility, so we have a partnership with the YMCA there locally, and we buy a membership for our sailors and their families. Because I want to make sure that they can be out in the community, I want to make sure that they can have a place for their kids to do stuff, they can

go to the gym. I can't do that on the base, so we do that at the YMCA.

So we focus on that very carefully wherever we are to make sure our families are being taken care of. We are an All-Volunteer Navy, we are an All-Volunteer Force. We have to provide for our sailors and our families.

Mr. RUSSELL. Thank you, Mr. Chairman.

Mr. WITTMAN. Thank you, Mr. Russell.

Mr. Courtney.

Mr. COURTNEY. Thank you, Mr. Chairman.

Thank you to the witnesses.

Admiral Smith, I am trying to again sort of get the timeline of the 2013 budget resolution, the one we just passed in the fall, the omnibus, and just sort of how that sort of is, you know, flowing into your decision-making process.

Again, you just described a moment ago how you were able to restore some gym hours, which I guess was probably sometime in 2015?

Admiral SMITH. Yes.

Mr. COURTNEY. So, obviously, you are still living with, you know, the 2-year 2013 budget resolution and the prior omnibus. So now we have a new omnibus that is, you know, 3 weeks old.

And just, again, if you could just sort of tease that out a little bit in terms of what you are anticipating. Or have you digested it yet, even?

Admiral SMITH. So there are some things we have been able to buy back. So I had mentioned we take risk in grounds maintenance. We have bought back some grounds maintenance.

Grounds maintenance isn't just necessarily about how pretty the base looks, which I think is important because if it looks good, you work good, but it is also important around our airfields. He is very concerned about his ground maintenance around the airfields, because if we are not maintaining that ground, it brings in rodents, it brings in birds, it brings in air strikes, and that becomes a safety and a mission impact.

So we have been able to buy that back a little bit. We have been able to buy back some of the hours in the gym. We have been able to buy back some of the hours in our child development centers. So it is not huge gains; it is incremental gains.

Mr. COURTNEY. Can you give, like, a percentage? I mean, is it, like, half?

Admiral SMITH. Expand that a little more.

Mr. COURTNEY. In terms of—you are saying "gains." You know, I mean, obviously, you are sort of using, like—

Admiral SMITH. Right. So let's just use the gym for example. And my hours may be off just a little bit. I think we were at 96 hours a week. We have gone up to 112. That is an example.

Childcare was 12. We are trying to go to 16; in some places, we are going to 14. So it is a couple hours here, a couple hours there. But, in the case of child care, if you have someone that has to be at work at 5 o'clock in the morning and the CDC is not open at 5 o'clock in the morning—

Mr. COURTNEY. That is a problem.

Admiral SMITH. They weren't open at 5 o'clock in the morning before. They were open at 6.

Mr. COURTNEY. Right.

Admiral SMITH. But we are now starting to slowly roll out getting them opened at 5. And I can't just turn a switch and do that, because I have to do the hiring process, I have to do the training, I have to do the security vetting, but we are slowly working that.

But, again, it is small stuff, but it does make a difference to the quality of life for our families.

Mr. COURTNEY. And I think probably, you know, having these nail-biting, you know, moments when we finally get stuff done doesn't make it any easier for you in terms of planning. But, as I said, we finally now have an omnibus in place, so, you know, the horizon is clear at least till October 1. And then we have a budget resolution that actually goes into 2017.

Admiral SMITH. Sure.

Mr. COURTNEY. So, you know, again, in terms of just your job, you know, I mean, are you in a better place than you were in 2014?

Admiral SMITH. I am in a better place. Yes, sir, I am.

Mr. COURTNEY. Okay.

Admiral, you look like you want to jump in.

Admiral JACKSON. I would just like to add, so we get the operating report from the CNIC [Commander, Navy Installations Command] down to the region, and it gives us predictability. It gives us the ability to articulate to our tenants what operating levels they can expect. It kind of takes out that angst of not really knowing what type and what level of services, the common operating level of services that they might get. So we are able to articulate that, and then there is a better understanding, and that is good.

It also gives us the ability to stay on line with preventive maintenance. We are still, though, in reactive mode often. But that predictability planning and then planning our projects, having them on the shelf and ready so that we can execute early as opposed to waiting, waiting, waiting, and then getting inside the turning radius and not being able to execute, is also very valuable.

Mr. COURTNEY. Well, again, the 2-year budget resolution I think was a healthy move forward, and hopefully we can continue that without torturing you guys.

And, Admiral, again, you are welcome to come up to Groton, to, you know, your old stomping grounds anytime.

Admiral SMITH. So I was up there last winter, and I will be up there the Thursday before Easter visiting the base.

Mr. COURTNEY. Awesome.

Mr. WITTMAN. Thank you, Mr. Courtney.

We will now go to Mrs. Hartzler.

Mrs. HARTZLER. Thank you, Mr. Chairman.

And thank you to each of you for your service. I appreciate what you do.

I was wondering, given the trend of funding, that MILCON accounts below the model's requirement over the past few years, what level of investment and over what period of time do you think will be necessary to fully restore the readiness of our installations and our facilities?

Admiral SMITH. The current funding level is not going to be able to fully restore our installations. There is very little military construction dollars coming. The amount that we get budgeted for does not meet the requirement that we have.

So, while the budget we have now is helping us make progress and moving forward, it does not meet the need that we have over the long term.

Mrs. HARTZLER. You indicated that earlier and that you are decreasing—you have 90—below 90 percent, and you talked about an index of 80 and something about it is decreasing at 2½ percent or something. I don't remember those numbers.

But can you give us the dollar amount? How much money would you want Congress to invest in this infrastructure in order to help make up the shortfall and to help you catch back up to where you need to be?

Admiral SMITH. Yes, ma'am. Can I get back to you on that?

[The information referred to can be found in the Appendix on page 47.]

Mrs. HARTZLER. Sure.

Admiral.

Admiral JACKSON. Ma'am, maybe I can give you some numbers that we have looked at in our region.

So, in Region Southeast, we have 16,000 facilities. Of those facilities, the plant replacement value for those facilities is \$23.3 billion. I have condition indices for all of those facilities. And the percentage by value of those facilities that are in the "poor" or "failing" category is 42 percent.

So 42 percent of \$23.3 billion, and then what you need to get them better, will give you a rough idea. But that is a number that I have for you.

Thank you, ma'am.

Mrs. HARTZLER. I look forward to getting those figures, because that is certainly very important, that we have at least an idea of the goal of what is needed to fully have our infrastructure where it needs to be. So that is very helpful.

And just as we go out and talk to the public and others about this, reduced readiness and the concerns we have had with the budget cuts, it really helps to have those specific examples that we can use.

And I appreciate your example, Captain, about the hangar issue. That makes sense, as people come back from deployment, to be able to get in there.

But can you give me some more specific examples of a decrease in readiness of our Navy because they haven't had the money that you have needed for the infrastructure investments that we have? So if you could give me three or four examples like the hangar one, that would be helpful.

Admiral SMITH. So Mr. Courtney just left, but I can give one up at New London. So Pier 15 up there, which is the pier that we have the floating dry dock at, we did our periodic inspection and found it was more deteriorated than we thought, so we had to take that pier off line.

We have mitigations in place in case we have to do an emergency dry docking. We will now go Electric Boat. We will lease their

floating dry dock if we have to put a submarine in dry dock up there in an emergency.

We want to get that thing back on line as soon as possible, you know, for the next scheduled dry docking, so we are fixing that. But we have taken those resources from other things that we would have gone and fixed of lesser importance to get that pier back.

So we are still meeting mission, but we are deferring maintenance on something else, because that was an unexpected challenge that popped up. We realized that is a top-priority challenge because I have to get the pier fixed so I can use that floating dry dock. And so that is what we are going after.

That is an example. I know, Mary, you have a couple.

Admiral JACKSON. Ma'am, in Kings Bay, the Trident Refit Facility has a dry dock, and we have chillers in that dry dock that are critical to the ability of the dry dock to operate. And the chillers have reached the end of their life cycle, need to be upgraded. And we didn't have the money to be able to update the chillers and do all the controllers with it.

So we replaced a chiller, but we are not able to replace the supporting controllers. So we are in a condition right now where we often have to operate those chillers manually as opposed to the way they were originally and ideally designed. So that is one example.

Another example that will drill down to some specific numbers is I have—every naval aviator that is going through training goes through my region to one of my installations, so a lot of naval aviation training. One of my biggest customers is the Chief of Naval Air Training.

So my airfields, such as Whiting, Jacksonville, Meridian, we are looking at everything from pavement indices, whether the pavement on the runways is appropriate, hangar facilities, just envelopes of buildings.

So an example in Pensacola is that we have a hangar suppression system that is not operating. Again, it is towards the end of its life cycle. It had Band-Aid repairs to it. In the past 4 years, we have had it dump, suppress, eight times, which is not ideal to happen on aircraft, causes problems to the warfighter directly. So that means we have to not use those portions of the hangar. And that correlates to 17 percent less available space for those training wings that are trying to operate out of those hangars.

So that is an example that has some specific numbers. Thank you, ma'am.

Admiral SMITH. So I can give you another airfield example at Naval Station Norfolk, where the AMC [Air Mobility Command] terminal is the apron there. That is a part of the apron that needs to be repaired. It has challenges. But we can make it work, because the sailors and airmen go out every morning and do a walk-down of the apron for 35, 40 minutes, 25 sailors, airmen, to go out and do that. So they go out and police it, make sure there is no foreign object or debris on the apron, and then we can use their apron.

But that is 45 minutes of an individual that is going out and doing that instead of something else, instead of training or making—whatever, repairs, maintenance. And so we make it work, but that is a project that we would like to get—will eventually get

funded, but right now it doesn't meet the priority, so it is impacting the sailors and the airmen.

And, Lou, I know you have an example.

Captain SCHAGER. Thanks for the question, ma'am.

At Dam Neck Annex, we have a facility, the Navy-Marine Corps Intelligence Training Center. It is where information dominance sailors, information warfare specialists are training. And, in the last year, fiscal year 2015, we had 57 calls that the fire department had to respond to. And these weren't fires. These were various things like water leaks, they were orders, they were sensor faults.

Each time that call goes out, you have to have all these students leaving the building. It is disrupting their training. We mitigated that, of course. You know, the instructors and the sailors and the students eventually got their training done, and they are executing very well out in the fleet right now.

But, in the short term, we are putting a Band-Aid on it. We have a couple hundred thousand dollars going this year to help those fire protection systems as well as others, but it is a \$12 million unfunded project to really, truly fix the problem and not treat the symptom. And that is another example.

Mrs. HARTZLER. Great. Thank you very much.

Mr. WITTMAN. Thank you, Mrs. Hartzler.

We will now go to Mr. Gibson.

Mr. GIBSON. Thanks, Mr. Chairman.

I appreciate our witnesses here today. Thank you for your leadership and your families for their sacrifice.

Much of what I was interested in has been addressed, specifically with regard to base operations and quality of life and the impact on retention of high-quality sailors and marines. But perhaps we can put a finer point on it. Let me frame it. I would be very interested in your feedback.

Is there any specific data and analysis of the stress that you have done well communicating in terms of impacts on retention and maybe a little bit more on systemic programs you have in terms of getting feedback? Some of that has been addressed, but if there is anything more you want to mention in terms of how you get the feedback from your sailors and marines.

And then with regard to specific programs, we have heard today about housing, child development, MWR, single sailor, and that was helpful to get that report. And particularly, thank you for being creative in your support of families. You talked about the YMCA membership. That is very helpful.

I am thinking in terms of one of the things I remember from the Army is—which in some ways we were gaining in some of the experiences that you guys deal with forever, and that is the repetitive deployments. And, you know, one of the ways the Army addressed that is we had this program, "Building Strong and Ready Families," where after a deployment, a family would actually be funded to do an off-site. And, you know, the family would go together. It would be a nice place either by the water or maybe up in the mountains, and there would be, then, experts who would come in and help with the reintegration process. Chaplains would head this program, and they had counselors that came in and just a lot of insight. It was very helpful.

And then, similarly, we brought forward a program that had, like, life counselors that were brought onto base to help particularly the younger folks just dealing with the stress of everything that is going on. So I am interested in, you know, perhaps some thoughts on that.

And then also, finally, schools, any impact in terms of any of that. So really sort of an open-ended question to pursue a lot of, I think, the great testimony you have already brought forward on quality of life, but maybe with a little finer point on how that is impacting retention.

Admiral SMITH. Yes, sir. Thank you. So I am going to defer to Lou in a couple of minutes to talk specifically how he works at the installation, and he has a process in place to do that to get the feedback that you asked for, but much like you describe for the Army, it is—Force Master Chief right back here, on the deck plates, out and about talking to sailors, talking to families. It is me out and about talking. It is all of us out and about talking to our sailors and getting that feedback: How are things going? What are the challenges? What do you need? We have our Fleet and Family Service Centers. We do return and reunion seminars on all our—with our squadrons and our ships when they come back for reintegration. Much like you have offsites, we have a CREDO [Chaplain's Religious Enrichment Development Operation] program where our families can sign up and go spend a weekend on whatever specific topics are that that CREDO is focused toward.

In our schools, you know, we have our school liaison officer program that helps transitioning families from one location to another, getting them integrated into the school. The program is working superbly, from my perspective, right now, very good.

So what I am giving you are informal processes to get that feedback to understand what the pressures are on our families, what the challenges, concerns are, so then we can go off and attack them, bring up, start up new programs so our programs are working correctly in our Fleet and Family Service Center.

What I would do is I would ask Lou now to talk specifics how he gets feedback on his tenants on the issues and challenges that he has seen at Oceana.

Captain SCHAGER. Thank you, Admiral.

Thank you, sir, for the question.

Thank you for your service as well.

There is a, on a higher level, on the installation level, there is a senior level survey that goes out yearly, and we receive that feedback directly from the tenant leadership, but as the admiral mentioned, my best feedback comes back from walking around and talking to sailors and talking to families, which I like to do all the time. I would rather be doing that than emails, like most.

We also have other avenues, MWR and through the CDC and, you know, child development centers and child and youth programs. There are boards there that the parents chair and provide some feedback, and I see those as well. There are a lot of different avenues, but a specific quantifiable data point, I don't specifically have for you, sir, but I know that—you asked about schools also. To continue the admiral's thought, with our school liaison officer, you know, at Oceana, being at Virginia Beach, and I also have Fen-

treasures—outlying airfields in Chesapeake, the schools are amazing, but through that, we have—you know, a lot of times, sailors and their moms and dads have to work at 5 a.m., 6 a.m., so there is a program where they drop their children off on the installation at one of our buildings, and then we have buses, MWR will bus the students out to the city schools, and then vice versa. I mean, that relationship is—you can't put a number on that, and it really is great peace of mind for these families to know that their kids are cared for before and after school and, of course, while they are going to some wonderful institutions of learning in the cities.

Admiral JACKSON. Sir, I would like to brag about two programs in Southeast that, again, have talked to the tailorability of being able to respond to a request. So we have started a pilot program where out of Fleet and Family, we have developed a curriculum so that people who want to learn about how to take care of ailing parents—so that is an example of something that wasn't part of our normal curriculum and the courses and the counseling that we provided, but we realized there was a real demand, so we put that together, rolled it out, piloted it. That is one example.

Another example is we continue to work toward resiliency of our force and sexual assault and prevention. We started some self-defense courses that had not previously been something that we had in our toolkit, and now we have added that. So there are some examples of—the closer we are to understanding the needs, then we have the ability to work within some of the controls that we already have to be able to provide these resources, which are so valuable to our force.

Mr. GIBSON. Thank you to all the witnesses for that testimony.

And just one quick follow-up, Mr. Chairman, if I may.

And I know this goes across jurisdictional or functional lines, but so you haven't, just to confirm, there has been no red flags as far as retention is concerned for the Navy? Based on the stress on base operating support and quality of life, you are not getting any feedback from SECNAV [Secretary of the Navy] and Navy that that is something that—

Admiral SMITH. I am not personally aware of.

Mr. GIBSON. Thanks, good. Great report.

Yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Mr. Gibson.

I want to draw the association between what you have laid out with installation support, infrastructure, and readiness. And you all have laid out a number of those different elements, but Captain Schager, I want to go to you to kind of get your perspective as a base commander.

As you look at the things you have to deal with, you have decisions and directives coming down from corporate Navy saying: Here is the installation support you need to provide. Here is the infrastructure we want you to provide.

So you get that direction. Obviously, you have to respond, because there are the unexpected elements of what goes on. Your job is to provide that mission support for training and operations there on the base, so you have to reconcile those two things. Your job is to do those things while making sure that you are generating readiness.

So my question is this: As you are juggling all those different pieces, give us a specific example—and you have given some, like a hangar that didn't have some fire suppressions in certain areas—but take the next step further. What does that mean as far as operational readiness? So while you may not be able to keep aircraft there, what does that mean as far as training missions? What happens in reduction in training missions? What happens in deployment schedules? What happens with all the things that potentially stack up? So if you can take that the next step, and that is, in generating readiness and making sure that as your air wings are coming in there and doing pre-deployment training or getting ready to do workups to go for the carrier to leave, give me an example about how that infrastructure, how that installation support, how that facilities capability totally affects what you are having to generate every day.

Captain SCHAGER. Thanks for the question, sir.

You know, what helps is I was a recipient of this customer service for the last 24 years. And having operated at Oceana for a majority of my career, both as a young pilot and continuing on to the squadron commander level, I recognize the importance of making sure that the runway is ready to go when we have sorties available.

I will say, and I want to thank you again, we have a special project currently underway, \$100 million project, to replace the aging lighting system on our airfield. It is 1950 technology. When I first came into this position as the executive officer of the installation, I think the first night, we had one of the electrical vaults, you know, went out, which meant half of the airfield went out as far as lighting. And for a base that needs 24/7, 365 kind of support, that was very disconcerting.

So this \$100 million is greatly needed, and that is kind of an example of the process working. Those requirements were articulated well before I got there, and we finally had the funding. But to continue on to that discussion or thought, at Oceana, we also have VFA-106, which is the Fleet Replacement Squadron. That is the home of the East Coast training for new pilots and WSOs—weapons systems officers—to become fleet aviators. You know, they are held to—their structure and their throughput is crucial to feed the fleet squadron so that they are fully manned when they deploy. And so we really can't afford a whole lot of delays, whether it is a lack of air traffic controllers or airfield lighting problems or hangar challenges, where they can't get the maintenance done because the hangar is not equipped.

So I work closely with the commodore and the operational side. And we speak every day, and we talk about our needs and challenges. And he works up through his chain of command, as I do with mine. And I think that works well and that we are constantly checking and making sure that the readiness is available. And I will say that, you know, at least since I have been there in this position since—you know, the USS *George Bush* in 2014, with three F-18 squadrons from Oceana, the *Theodore Roosevelt* and now the *Truman*. Both those squadrons deployed ready. But as we described, the airfield renovations are greatly needed. If those are delayed any further, I think that would be a great impact.

And the hangar situation as I described, I think to have that predictable programmatic funding for the hangars and get those repaired, I think will go a long way.

Admiral JACKSON. Sir, I think we are very good at finding alternatives when we need to, when we are in extremis and we know that the warfighter can no longer do what they need to do; they can't produce the pilots they need to or they can't train.

We also work very hard to make sure that the process by which we look at all these projects are racked and stacked and that we are able to articulate from an installations perspective the direct correlation to the readiness, as you have asked. So an example is at Mayport, we have a wastewater treatment plant that is currently not meeting environmental criteria, and we are operating under a consent order. The relationship that we have with the Florida Department of [Environmental Protection]—the FDEP—our relationship with them is important. But it is also equally important that as I prepare these projects and push them up my chain of command, that I am able to articulate what will happen if we are no longer able to use that wastewater treatment plant and what that will mean to the ships that are berthed in Mayport, that they may have to go to a different port or that we may have to pay to move the waste, which now has high levels of metals in it because we have increased the ship loading in Mayport, and be able to articulate that so that it is a unified front from the warfighter to the installation all the way up to articulate that readiness. And it is easier to articulate in specific projects than it is across the entire enterprise.

Mr. WITTMAN. Let me expand upon that a little bit. As you look at your mission overall and then your job in supporting that mission, we know that you are looking at infrastructures—you are looking at infrastructure. You are looking at installation support, trying to manage risk within that area, while at the same time our effort now is to re-establish full-spectrum readiness. It is an arduous path to get there, and what you are having to do is to manage that through that resource gauntlet that we have gone through here recently.

Let me get your perspective. As you are making those decisions and looking at how you balance those things, trying to get to full-spectrum readiness as quickly as we can, as Mr. Courtney pointed out, we are now with some certainty in a 2-year budget, give us your perspective on how far you believe you can get within your mission set to get to full-spectrum readiness.

And then, secondly, is, where do you see yourself in a 10-year window down the road in a scenario of either level funding from this point on or back to sequestration levels because that also introduces a fair amount of risk? And the reason I ask for static funding levels is we are trying to regain readiness. So we have lost some in the last 3 years, and to regain that obviously is a challenge but also the slope of the curve we have to ascend to get there is also steeper. So give me your perspective within those scenarios about how you get back to full-spectrum readiness.

Admiral JACKSON. I suppose I am not as optimistic as perhaps others that we will get to full-spectrum readiness. So sequestration

takes us a step back. Where we are today is holding—a little bit of improvement, as Admiral Smith articulated.

To get to 100 percent funding still doesn't get us to full-spectrum readiness because we have degraded so significantly over time. So it is hard for me to imagine how we get as far as we need to, to get to full spectrum.

Admiral SMITH. At our current funding and if we continue that out, we will continue to lose ground. And if we were to get to the OSD funding level of 90 percent, that is only 90 percent of an already deteriorated infrastructure. So to get back to 100 percent, you have got to shoot ahead of the duck, and we are not shooting ahead of the duck.

Mr. WITTMAN. Let me get this perspective from you, too. Not only are you having to look at recapitalization on existing assets, you are also faced with new mission sets. You have Littoral Combat Ship. You have the P-8. You have an upcoming *Ohio*-class replacement. All of those things, too, those new mission requirements also create new demands on infrastructure. So how does that exacerbate your challenge in just trying to maintain status quo when those new mission sets are set upon that and the challenges that you have to face there with infrastructure and installation support?

Admiral SMITH. So a couple of things I would like to talk to. First is the process and how we accommodate those new mission sets and how we understand what the requirements are. So we have a strategic laydown dispersal process where when those new mission sets come out and we as a Navy and as our operators, our forces, decide where they want, we want—those assets need to be to meet our country's mission, we then go and look at those installations, whether it be the skipper or one of the other 69 COs and saying, you are getting this asset, whether it is people, a submarine, a squadron, whatever it is. Can you accept them with what you have got? Do you have the pier? Do you have the runway? Do you have the hangar capacity? Do you have the housing? Do you have the child development centers? What does it do to your wait lists in those different things? And then they come back and feed that into the regional commander. And then she racks and stacks that, and it comes up to us. So we now know what the requirement is and what our gaps are and what we need to do. And those gaps then generate requirements that Lou will then at Oceana create and then pass through the regional commander. And then that then gets pushed up so we now know what we have. Then we go down with the priorities. Those are going to take the priority to make sure that we can meet those new mission sets. When those come in—that gets to your question—that pressurizes the discretionary funds we have to do existing things. And those are directed, so they are going to get funded.

Mr. WITTMAN. Right.

Admiral SMITH. And that is a good thing because we need that capability.

Mr. WITTMAN. Sure.

Admiral SMITH. But it does, as you say and indicate, pressurize further on existing assets that we have that are declining.

Mr. WITTMAN. So in your rack-and-stack scenario then, if you are placing that new mission set requirement there and you have to

provide infrastructure installation support for that, does it then push out other things that are on your recapitalization list that say, well, we just—now we won't be able to do that because we have these additional requirements that we have to find resources for?

Admiral SMITH. Yes, sir, it does, and that is what puts us into the reactive mode that we have talked about and how Mary down in New Orleans reacted to fix the mold challenge she had in the UH, as an example.

Mr. WITTMAN. One last question is, how are these new mission sets affecting the size of the things or the number of items that get pushed out because of that? And if you don't have it now, just take it for the record and get it back to us, but I think that is critically important for us to understand because that gives us some measure of the magnitude of the issue that we are dealing with.

Admiral SMITH. Sir, I will take that. I am trying to quantify in my mind, and I can't do it justice here.

[The information referred to can be found in the Appendix on page 47.]

Mr. WITTMAN. If you can do that because that is going to be extraordinarily important for us as we are going into this year's NDAA to make sure we quantify that because people have to understand the magnitude. And the reason behind these hearings is to make sure we draw a direct association between infrastructure, installations, and facilities support with operational readiness and restoring full-spectrum readiness, so we need to get a gauge on where the gaps are and then the path to get back to full-spectrum readiness. So if you could provide that to us, that would be great.

And now I am going to go to Ms. Bordallo.

Ms. BORDALLO. Thank you, Mr. Chairman.

And Vice Admiral Smith—or the other witnesses here—could you please describe at what level the connections are being made between the training requirements of a unit and the ability of an installation to support those training requirements, and how often are they re-evaluated? And as a follow-up, have you found the Facility Condition Index to be an effective system for tracking maintenance needs?

Admiral SMITH. Yes, ma'am. I will start off and then ask the two of them to add on.

Bottom line, those decisions are being discussed at all levels. The skipper talks to it with his tenants and requirements and needs. Admiral Jackson does it at her level, and I do it at my level. So we have talked about the strategic laydown dispersal process, generating requirements. The Facility Condition Index code that you talk about, that is very accurate. We track that closely so we know what the condition is of every single one of our facilities. That then feeds into the priority list that we have talked about.

So when it comes time to figure out what we are going to fund, we use an integration process at the regional level. So Mary will take all of her installation requirements, and all of those projects have been prioritized and we have a ranking formula we use based upon safety, based upon operational necessity, based upon condition, and that prioritizes it.

So she will in her region prioritize that out, push it up to me at the enterprise level, and then I will take in all 11 regions' requirements and then we—I sit down because she has already done this at her level with the fleet at the region. And then I do it with the fleets. I sit down with PAC [Pacific] Fleet. I sit down with Fleet Forces Command. I sit down with OPNAV [Office of the Chief of Naval Operations]. I sit down with the SYSCOMs [Systems Commands], and we look at how that prioritization came out to determine what we are going to fund.

So to double back to your original question, we address that at all three levels, and we use the Facility Index Code, Condition Index, very closely to do that.

So, Mary, I would turn it over to you for your area and then ask Lou at his installation level.

Admiral JACKSON. Ma'am, I have been doing installation business for about 5 years, starting in Naval Station Norfolk, and I would say, over those 5 years, we have gotten much more rigorous in understanding how we have to articulate our requirements tied to readiness as we go forward. And we do that, as Admiral Smith said, at all levels. Our installation COs, as the landlords, have to be talking to their tenants to be able to quantify that. And I say this somewhat in jest, but it does become a bit of a competitive environment. Every CO is fighting for their projects, and they have to have it as clear and as concise and as tight as they can as they move it up to me at my level at the region. And the process that Admiral Smith articulated through a regional mission integration group [RMIG] up to the SMIG [senior management integration group] is very valuable. And we have warfighter representation at the region level. We have it at the CNIC level as well, so it is not like we are doing it without them.

Another process that Admiral Smith has continued in his tenure as Naval Installations Command is something called the "warfare enterprise flight officer assignments," in which he has regional commanders, usually tied to their warfare specialty, assigned to be the linkage with that warfare enterprise. So, for myself, I am a surface warfare officer, so I support the surface warfare enterprise. And I have a regular drumbeat to talk globally, not just my region, about those projects and those things that are going on in CNIC that should be of interest to the surface warfare enterprise, and vice versa. They talk to me about what they are concerned about so, again, we get that unified front. And that "warfare enterprise flight officer assignment" exists for surface warfare, for strategic programs, of which I also have, naval aviation, information dominance, and undersea enterprise. So that is another means—it is another layer by which we are able to make sure we understand the requirement.

Thank you, ma'am.

Ms. BORDALLO. Captain.

Captain SCHAGER. Yes, ma'am. Thank you for the question. And as I mentioned before, I was the recipient of customer service for many years. Now I am the provider of that. And around my installation, when I talk about it, I talk about providing great customer relationships, not just service and that—communicating with all my warfare commanders and leadership, whether it is the Com-

modore of the Air Wing, if they had a bad day—even irrespective of facilities, it was a bad weather day, and we have to fly on the weekend—I am aware of that that day.

I mentioned the example about the intelligence school which was having a lot of fire alarms go off and how that affected their training. Their leadership was calling me up, and I put that into my calculus. When the regional mission integration group meets, I bring those topics up. And I can speak eloquently—well, I like to think I can—because I have spoken to those folks. And their leadership is also in that decision process. So, you know, naval aviation is also in the room at the RMIG—it has the information dominance.

And so, through that, I think I am comfortable that the requirements that our tenants are looking to achieve are articulated on our side so we can provide the facilities necessary, prioritizing as such.

Ms. BORDALLO. So I am gathering, then, that the systems are working?

Admiral SMITH. Yes, ma'am.

Ms. BORDALLO. I have another question real quickly. This is to Rear Admiral Jackson or perhaps the captain.

Earlier you gave an example of hangar maintenance and how the lack of predictable FSRM funding can impact facility maintenance plans. Now, can you provide similar examples on the base operating support program, specifically how repeated reliance on continuing resolutions, late appropriations, and the lack of predictable funding has impacted base operating support?

Captain SCHAGER. I can start, ma'am. Thank you.

Commonly, when someone like, you know, from my family, for example, we talk about readiness and going out to war and doing combat missions, they think about the aircraft I am going to fly, and is that ready? But there is a lot more to it. And so when you mentioned base operating support, it is, do the sailors have a room to go back to that is comfortable and heated and hot water? Do they have a galley that is ready? Do they have the Fleet and Family Support Center that is providing the services? So it is not just the runway; so the full spectrum of support affects readiness.

And as we had spoken and both admirals have articulated, we are taking risks. The mission is still being met, but I do think that if it is not properly funded in years out, I think things will—you know, the risks are going to get greater.

Ms. BORDALLO. And in a timely manner.

Captain SCHAGER. Yes.

Ms. BORDALLO. Rear Admiral.

Admiral JACKSON. Ma'am, when we started decreasing our BOS because of the continuing resolution and sequester, the areas that we saw it the most were in FX, so facilities—excuse me, ground support, so ground maintenance; TR, transportation vehicles; and then also utilities. And so our customers feel the effects of that. And it is more than just cosmetic, to give you an example in ground maintenance. So the higher grass may mean increased pest control. It may increase greater risk in the BASH [bird/animal strike hazard] program for our aviators as they are flying. For TR, it may mean they have less ability to get vehicles to move things around that they need to do. And so that is where we have felt it

in terms of BOS. And, of course, as we have been able now to increase those common operating levels in that and articulate that back to our customers, that is good.

Ms. BORDALLO. Vice Admiral.

Admiral SMITH. Yes, ma'am. So a CR, it just makes the process harder. It creates uncertainty for our workforce. We can't execute projects. We can't do design until the CR is—we are through the CR. So now you are doing things—you are awarding contracts on top of each other, and we can't spread the work out—workload out over the year, and so we are either doing it in 9 months, or we are doing it in 6 months, what the requirement is. And, of course, that increases workload. It increases stress. And so it comes down to it just makes the job harder. We still get it done, but it just makes it more difficult.

Admiral JACKSON. And every time you have to change a contract, that takes time. It is not free. So as you decrease operating levels, it is not like you just stop cutting the grass. You have to go in and do contract mods [modifications], and that is people, and that is time. And so that has a drain as well.

Thank you, ma'am.

Ms. BORDALLO. Thank you very much.

And I yield back, Mr. Chairman.

Mr. WITTMAN. Thank you, Ms. Bordallo.

I want to thank our witnesses today, Admiral Smith, Admiral Jackson, and Captain Schager. Thanks so much for joining us. Thanks for your responses today.

We would ask that you provide the written responses that we have asked for. We will be using them as we put together this year's National Defense Authorization Act, which, by the way, is going to take place earlier this year by a 3-week window. So we are going to push things to the left and hopefully get our jobs done more quickly so we can get the appropriations part of this done more quickly too.

So, again, thanks very much for your service. Thanks for your perspective today. This is very, very helpful to us, and we will continue the conversation with you.

Thanks again.

And our subcommittee hearing is adjourned.

[Whereupon, at 9:27 a.m., the subcommittee was adjourned.]

A P P E N D I X

JANUARY 8, 2016

PREPARED STATEMENTS SUBMITTED FOR THE RECORD

JANUARY 8, 2016

Statement of the Honorable Robert J. Wittman
Chairman, Readiness Subcommittee
“Effects of Reduced Infrastructure and Base Operating Support Investments on
Navy Readiness”
January 8, 2016

Good morning. Thank you all for being here today for our Readiness hearing on the “Effects of Reduced Infrastructure and Base Operating Support Investments on Navy Readiness.” This is the second of three hearings on the topic. In December the Army and Marine Corps testified to increased readiness risks due to reduced installation investments. I look forward to hearing the views of the Navy today and the Air Force next week.

I would like to welcome our Navy panel of experts. This morning we have with us:

VADM Dixon Smith
Commander Navy Installations Command

RDML Mary Jackson
Commander Navy Region Southeast

CAPT Louis Schager
Commanding Officer Naval Air Station Oceana

Over the last several years, the subcommittee has largely focused on operational readiness recovery since the drawdown of forces in Iraq and Afghanistan. At the same time, the Department of Defense assumed risk in infrastructure investments and reduced mission support services by redirecting funds from installation programs to other operational and training budget priorities. Uncertain funding levels stemming from repeated continuing resolutions and sequestration exacerbated these risks. The purpose of this hearing is to clarify the Navy’s choices for infrastructure and installation services, to address funding priorities and mitigation strategies, and to gather more detail on the current and future impacts of these decisions on operations and training from the commander’s perspective.

As the witnesses testify, I would ask you to address existing risks in the infrastructure and installation support program and impacts to readiness; how will the recent 2-year budget reshape those risks and impacts; and what will be the level of risk and impacts over the next 10 years if budget levels remain constant or return to sequestration levels?

NOT FOR PUBLICATION UNTIL
RELEASED BY THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

STATEMENT OF
VICE ADMIRAL DIXON R. SMITH
COMMANDER, NAVY INSTALLATIONS COMMAND
U.S. NAVY

AND

REAR ADMIRAL MARY M. JACKSON
COMMANDER, NAVY REGION SOUTHEAST
U.S. NAVY

AND

CAPTAIN LOUIS J. SCHAGER
COMMANDING OFFICER, NAVAL AIR STATION OCEANA

BEFORE THE
HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

ON

THE EFFECTS OF REDUCED INFRASTRUCTURE AND BASE OPERATING
SUPPORT INVESTMENTS ON NAVY READINESS

JANUARY 8, 2016

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HOUSE ARMED SERVICES COMMITTEE
SUBCOMMITTEE ON READINESS

Chairman Wittman, Ranking Member Bordallo, and distinguished Members of the Committee, I appreciate the opportunity to discuss the impact of reduced infrastructure and base operating support investments on Readiness. I would like to thank the Members of the Committee for your steadfast support of Navy's shore readiness programs and your commitment to our Sailors, Navy civilian workforce and their families.

Impact of Sequestration and Funding Shortfalls on Shore Readiness

For the last three years (FY 2013-2015), the Navy has been operating under reduced top-line budgets totaling \$25 billion less than the President's Budget requests. Sequestration in FY 2013 deeply affected the Navy, and we have not yet fully recovered. Although the Bipartisan Budget Act of 2013 provided some budget stability for FY 2014-2015 and limited relief from the Budget Control Act of 2011 (BCA) sequestration funding levels, the Navy was compelled to continue to further delay upgrades to all but the most critical shore infrastructure. The Navy's 70 installations across eleven regions enable the Navy's worldwide operational and warfighting readiness and are essential to the quality of service for our Sailors, civilian employees, and their families. Yet budget shortfalls over the last three years have compelled the Navy to reduce our investment in shore readiness to preserve the operational readiness of our Fleet. As a result, many shore facilities are degrading at an accelerated rate.

The Navy is appreciative of Congress' passage of the Bipartisan Budget Act of 2015, providing budget stability for FY 2016-2017; the FY 2016 National Defense Authorization Act; and the Consolidated Appropriations Act of 2016. However, shore readiness funding continues to be challenged. A return to sequestration levels in FY 2018 would further exacerbate the condition of our shore infrastructure as it further erodes piers, runways, and mission-critical facilities, potentially leading to aircraft damage from foreign object ingestion on deteriorated runways, inadequate shore support for ship berthing and movements, and degraded communications within command centers.

Military Construction

The Navy appreciates Congress' support of Navy's military construction budget requests. The President's Budget request for FY 2016 (PB-16) included 38 Navy Military Construction (MILCON) projects valued at nearly \$1 billion to invest in our worldwide infrastructure, all of

which were authorized and appropriated in FY 2016. For the past several years, the majority of Navy's MILCON funding has focused on enabling the initial operating capability of new platforms and systems, supporting Combatant Commander operational requirements, recapitalizing Naval Shipyards, upgrading critical infrastructure, and modernizing utility systems. As we prioritize Military Construction to enable operational readiness, we reduce needed investment in supporting infrastructure – such as barracks, administrative buildings, and research and development facilities – all of which support future readiness, improve the quality of life for our Sailors, and enhance the working conditions of all our personnel.

Base Operating Support

The Navy remains committed to adequately funding Fleet operations, Sailor and family support programs, and child development. However, due to funding shortfalls, we continue to accept a deliberate level of risk for the remainder of our Base Operating Support functions such as facility services, grounds maintenance, and administrative support. Although we will not accept risk when it comes to the safety of our people, we have asked them to adjust to lower levels of administrative support and facility services. While these situations are not ideal, they are necessary in today's fiscal environment. And I am proud to say that the Sailors and Navy civilians working on our bases continue to excel at their tasks in support of the Fleet.

Facility Sustainment, Restoration and Modernization

PB-16 funded the sustainment, restoration, and modernization of our facilities only enough to maintain the overall condition of our most critical infrastructure for the short term, and the Navy appreciates Congress's support of our budget request in the FY 2016 appropriations bill. Since PB-12, the Navy has funded facilities sustainment below the Department of Defense goal of 90 percent, meaning our facilities do not receive the preventative maintenance they need to meet their expected service life. This lack of sustainment will cause our facilities to deteriorate faster.

When restoring and modernizing infrastructure, we prioritize life/safety issues and focus on repairing only the most critical components of our mission-critical facilities. By deferring less critical repairs, especially for facilities not directly tied to Navy's warfighting mission, we

allow certain facilities to degrade and accept that our overall facilities maintenance backlog is increasing.

Naval Nuclear Enterprise and Naval Shipyard Support

The Navy's top priority is to maintain a credible, modern, and survivable sea-based strategic deterrent, which includes the security and reliability of our nuclear weapons facilities. We have fully funded the infrastructure at our strategic weapons facilities and have accelerated Naval shipyard infrastructure improvements. Naval Shipyards and Depots are critical to maintaining the warfighting readiness of our Force, and the Department remains committed to meeting the minimum 6 percent investment in Naval Shipyards and Depots described in 10 USC 2476. We focus our shipyard investments to address the most critical safety and productivity deficiencies in Controlled Industrial Areas, which primarily include production shops, piers, wharfs and dry docks.

Housing

Navy housing programs support readiness by providing Sailors and their families the opportunity for suitable, affordable and safe housing worldwide. We rely on local communities to house Sailors and their families as well as provide housing through government-owned housing, leased housing, or Public-Private Venture (PPV) housing projects. We continue to see success with our privatized family housing communities in the continental United States and Hawaii. For our government-owned units, predominately located overseas, we continue to renovate family housing once they degrade into poor condition. This inventory is currently classified as 77% "adequate" condition. At current funding levels, Navy is able to make steady improvement in our government-owned housing and we project we will meet DOD's adequacy goal in 2021.

The Navy continues to manage housing for our unaccompanied Sailors within today's fiscal constraints by carefully monitoring the safety of our barracks and prioritizing funds for the buildings in the worst condition. Unfortunately, investment levels in FY2015 and FY2016 are not sufficient to offset the steady degradation of facilities and improve the overall condition of our unaccompanied housing inventory. At current funding levels, Navy's unaccompanied housing will remain at approximately 50% adequacy.

Managing Risk in Infrastructure

To ensure our shore infrastructure is mission-ready, resilient, sustainable and aligned with Fleet priorities, the Navy has taken several near-term and enduring actions to mitigate the negative effects of reduced funding where possible.

- We have standardized the facility inspection process and are transitioning to a Facility Condition Index (FCI) that quantifies the financial liability of needed maintenance and repair work for each facility. This metric will better position Navy to direct our limited facility funds to the most critical repairs. This information is also being used by facility professionals to develop short- and long- range maintenance and repair work plans.
- Navy is incorporating the principles of condition-based maintenance across all buildings, utilities and structures. This means we will prioritize work on only the most critical components (e.g. roofs and exterior walls) at our most critical facilities or on components that relate to life, health and safety. This strategy enables us to focus resources on specific building components and systems where failure jeopardizes personnel safety or a warfighting mission.
- Navy will continue our successful process of leveraging a single integrated forum to receive and adjudicate demand signals from the Fleet and every enterprise across the Navy to identify the judicious infrastructure solutions and optimally time our investments.
- We will maintain our focus on reducing footprint by demolishing or divesting unneeded buildings as funds are available, and recapitalizing existing facilities in lieu of new construction when possible. Where appropriate, we apply austere facility criteria to minimize the size and finishes required to meet the mission.

Conclusion

Navy installations provide the platform to train and prepare our Sailors, deploy our ships and aircraft, and support our military families. Underinvestment in shore infrastructure takes a toll on our ability to support deploying forces. In this challenging fiscal environment, the Navy will – and must – continue to carefully and deliberately manage the risk we are taking in

our shore enterprise. Thank you for the opportunity to testify, and I look forward to working with Congress to deliver an innovative, resilient, and sustainable shore infrastructure that enables Navy's mission success.

Vice Admiral Dixon R. Smith
Commander, Navy Installations Command

Raised in Green's Farms, Connecticut, Vice Adm. Dixon Smith entered the Naval Academy Preparatory School in 1978. After receiving his commission from the United States Naval Academy in 1983, he was designated a surface warfare officer in 1985.

Smith's first sea tour was aboard USS Miller (FF 1091), serving as first lieutenant and damage control assistant. Follow-on service at sea included operations officer aboard USS Jarrett (FFG 33), participating in Operation Desert Storm; operations officer aboard USS Gridley (CG 21), participating in the establishment of Operation Southern Watch over Southern Iraq; and executive officer aboard USS Antietam (CG 54).

Assignments ashore include duty at Naval Education and Training Center, Newport, Rhode Island, as seamanship instructor and service as aide to the Naval Inspector General, Washington, D.C. Duties in Naples, Italy, as deputy executive assistant to Commander in Chief, Allied Forces, Southern Europe/Commander in Chief, U.S. Naval Forces, Europe, included service in support of the Joint Forces Commander, Operation Allied Force and Commander, Joint Task Force Noble Anvil during NATO's operations in Kosovo. Additionally, he served a tour at the United States Naval Academy as 4th Battalion Officer and Plebe Summer officer in charge.

He has commanded USS The Sullivans (DDG 68), Naval Base San Diego, Navy Region Hawaii, Naval Surface Group Middle Pacific, Navy Region Southwest and Navy Region Mid-Atlantic.

Smith holds a master's degree in business from Webster University and is a graduate of the Army Command and General Staff College at Fort Leavenworth, Kansas.

Smith assumed duties as commander, Navy Installations Command Oct. 24, 2014.

Rear Admiral Mary M. Jackson
Commander, Navy Region Southeast

Rear Admiral Mary Jackson hails from Wimberley, Texas. She graduated from St. Stephen's Episcopal School in Austin, Texas, and entered the United States Naval Academy in July 1984. She graduated with the Class of 1988 with a Bachelor of Science degree in Physics with an emphasis in Oceanography. Jackson earned a graduate degree from George Washington University in Engineering Management and is qualified as a joint specialty officer.

At sea, Jackson has served on ships in both the Atlantic and Pacific fleets with deployed operations in the Atlantic, Caribbean, Arabian Gulf, Indian Ocean, Mediterranean Sea, Black Sea and Western Pacific areas of operation. Her sea assignments include assistant operations officer and navigator on USS Willamette (AO 180); operations officer on USS Briscoe (DD 977); operations officer on USS Vella Gulf (CG 72); and executive officer of USS Stout (DDG 55). Jackson commanded USS McFaul (DDG 74) serving as the Flagship for CTF 158 and CDS 50 in the Arabian Gulf and North Arabian Sea /Gulf of Oman.

Her assignments ashore include seamanship and navigation instructor at the U.S. Naval Academy; theater air and missile defense officer (J85) at US Joint Forces Command, flag secretary to commander, Naval Surface Forces, Atlantic Fleet; and head, surface junior officer assignments (PERS 412) at Navy Personnel Command in Millington, Tennessee. Jackson served as executive officer at Naval Station Norfolk and subsequently commanded Naval Station Norfolk. Most recently, she served as chief of staff to commander, Navy Region Mid-Atlantic. Rear Admiral Jackson assumed command of Navy Region Southeast on July 18, 2014.

Her personal decorations include the Legion of Merit (two awards), Defense Meritorious Service Medal, Meritorious Service Medal (three awards), Navy and Marine Corps Commendation Medal (three awards), the Navy and Marine Corps Achievement Medal (four awards) and various unit citations and campaign medals.

Captain Louis J. Schager
Commanding Officer, Naval Air Station Oceana

Captain Schager grew up in Palatine, Illinois and graduated with Merit from the United States Naval Academy in 1990, earning a Bachelor of Science degree in Mechanical Engineering. He attended flight training in Pensacola, Florida and Meridian, Mississippi and received his Wings of Gold in July 1993.

After completing F-14 training at VF-101, Captain Schager reported to VF-211 "Checkmates" at NAS Miramar. In September 1997, Captain Schager returned to VF-101 as an F-14A/B/D Instructor Pilot. During this tour, he graduated from the Navy Fighter Weapons School (TOPGUN) in May 1998. Captain Schager was awarded Fighter Wing Atlantic Instructor of the Year for 1999.

Captain Schager reported to VF-103 "Jolly Rogers" at NAS Oceana in May 2000 where he served as Maintenance and Operations Officer.

Captain Schager next attended the Naval War College and was awarded a Master of Arts Degree in National Security and Strategic Studies in November 2003. He then reported to the Joint Staff in the Pentagon, Washington, DC at the National Military Command Center where he served as Assistant Deputy Director for Operations and Senior Emergency Actions Officer.

Captain Schager served as Executive Officer of VFA-32 "Swordsmen" until November 2007, followed by an assignment as Executive Officer of VFA-106 in 2009 before moving on to his Command tour with the "Blue Blasters" of VFA-34 in May 2010. He reported as the Executive Officer of NAS Oceana in 2013 and took Command of the installation in March 2015.

Captain Schager has accumulated over 4200 flight hours and 815 arrested landings. He has been awarded the Defense Meritorious Service Medal, Meritorious Service Medal (two awards), Individual Air Medal, Strike Flight Air Medal (five awards), Navy and Marine Corps Commendation Medal (two awards), Navy and Marine Corps Achievement Medal, and numerous campaign medals and deployment ribbons. He received the Commander, Naval Air Force, U.S. Atlantic Fleet peer selected Leadership Award in 2001, 2007 and 2008.

**WITNESS RESPONSES TO QUESTIONS ASKED DURING
THE HEARING**

JANUARY 8, 2016

RESPONSE TO QUESTION SUBMITTED BY MR. WITTMAN

Admiral SMITH. The new ships, submarines, planes, and weapons systems often require changes in facilities; examples include pier extensions and widening, dredging depth increases, stronger runways, secure mission spaces and utility modifications. The new mission sets also often require re-designed and upgraded training facilities and may drive new administrative and security requirements at Navy bases and support locations world-wide. In addition to new systems, changes to the strategic laydown of Navy Forces also call for new capabilities, to support changes in the number of personnel, dependents and operational units. As we prioritize our limited facility investments to enable operational readiness, we underinvest in supporting infrastructure—such as barracks, administrative buildings, and research and development facilities—all of which support future readiness, improve the quality of life for our Sailors, and enhance the working conditions of all our personnel. [See page 26.]

RESPONSE TO QUESTION SUBMITTED BY MRS. HARTZLER

Admiral SMITH. Significant investment is required to increase the overall condition of the Navy's infrastructure to achieve steady state, sustained readiness across the installations and facilities portfolio. As reported in the Department of Defense's FY15 Financial Report, Navy has a backlog of approximately \$41.8 billion of deferred restoration and modernization requirements across all shore infrastructure. Navy's current facility condition is at 79. To eliminate the projected additional ½ point each year decline over the FY17 FYDP at current budget levels, our models show an additional \$620 million of facilities sustainment, restoration and modernization is required annually. [See page 18.]

RESPONSES TO QUESTIONS SUBMITTED BY MR. SCOTT

Admiral SMITH. There is no standard Navy definition for obsolescence. Navy buildings are designed for a specific service life, which will vary by function and type of facility. Since not all buildings are designed to last the same number of years, it is difficult to develop an obsolescence metric based on the age of facilities.

DOD uses a metric called facility condition index (FCI) which provides an overall rating of the condition of a building based on repair costs of its subsystems compared to the replacement cost of the subsystem. The Navy provides an annual report to DOD on the number of buildings with an FCI less than 60 (which is considered failing) as well as the planned action for each building (demolition, repair, replacement, disposal, etc.)

Of those failing facilities, some are not necessarily obsolete but are considered excess inventory, and are disposed of through demolition, transfer, or sale. Others still have a valid mission requirement and are slated for repair or demolition and replacement. These could be considered obsolete since they can no longer meet all of their mission requirements.

In 2015, the Navy reported 2,123 buildings that are slated for repair or demolition and replacement in the FYDP. [See page 7.]

Admiral SMITH. Navy consistently utilizes best value source selection procedures to select the proposal representing the best value to the Government. In accordance with the Federal Acquisition Regulation, the best value can be obtained by using either tradeoff or lowest price technical acceptable source selection procedures. The tradeoff process is appropriate when it is in the best interest of the Government to consider award to other than the lowest priced proposal. The lowest price technically acceptable process allows for selection of the technically acceptable proposal with the lowest evaluated price that will adequately satisfy the government's minimal requirements. Navy carefully reviews each requirement when making the determination whether to use tradeoff or the lowest priced technically acceptable procedures. [See page 8.]

RESPONSE TO QUESTION SUBMITTED BY MR. RUSSELL

Admiral SMITH. CNIC supports 70 Installations throughout the world. OCO resources are requested and used for base operations support, facility maintenance and quality of life programs at only three overseas locations. [See page 13.]

QUESTIONS SUBMITTED BY MEMBERS POST HEARING

JANUARY 8, 2016

QUESTIONS SUBMITTED BY MR. WITTMAN

Mr. WITTMAN. To what extent do the reported readiness levels of installations take into consideration the condition of their facilities? Are there other metrics or data points used to assess the effect of facility condition on readiness?

Admiral SMITH. The condition of installations' facilities plays an important part in the reported readiness levels of those installations. Installation Commanding Officers are required to report the readiness of their installations against capabilities and assigned Navy Mission Essential Tasks (NMETs) in the Defense Readiness Reporting System–Navy (DRRS–N). Frequency for reporting is every 30 days or when the status of readiness changes. Additional information is displayed in the DRRS–N Facility (F) Resource Pillar, including facility condition, to assist Commanders on the availability and shortfalls in facility resources required to deliver capabilities and their associated NMETs. Installation commanders use (F) Resource Pillar data to make informed assessments of their installations readiness and ability to accomplish assigned NMETs and capabilities to support operational and training requirements.

Other facility based metrics include a Facility Condition Index (FCI) that quantifies the financial liability of needed maintenance and repair work for each facility. This metric will better position Navy to direct our limited facility funds to the most critical repairs. This information is also being used by facility professionals to develop short- and long-range maintenance and repair work plans. In addition, we are incorporating the principles of condition-based maintenance across all buildings, utilities and structures. This means we will prioritize work toward the most critical components at our most critical facilities or on components that relate to life, health and safety. This strategy enables us to focus resources on specific building components and systems where failure jeopardizes personnel safety, operational readiness and warfighting missions.

Mr. WITTMAN. How has the Navy attempted to quantify the risks they are taking by perennially reducing their investments in base support services and infrastructure, if at all?

Admiral SMITH. The Navy has several processes in place to assess risk as we deliberately and carefully accept it in certain areas of shore readiness. We use the principles of condition-based maintenance to identify specific building components and systems where failure jeopardizes personnel safety or a warfighting mission. In addition, we have standardized our facility inspections and are in the process of transitioning to Facility Condition Index (FCI), which enables us to quantify the financial liability of needed maintenance and repair work for each facility. Regarding installation support services, in particular base security and emergency services, the Navy uses dedicated analytic models to program the resources needed to meet the requirement and to validate we are meeting the budgeted requirement in execution.

Mr. WITTMAN. What is the impact of funding sustainment, restoration and modernization and military construction below requirements over the long term? What level of investment and over what period of time do you think will be necessary to fully restore the readiness of our installations and facilities?

Admiral SMITH. Long-term underinvestment in our shore infrastructure will cause our facilities to degrade and our overall facilities maintenance backlog will increase. This means our infrastructure will be less efficient and less capable when it comes to supporting the warfighter. In addition, as we defer needed facility investments year after year, they generally become more expensive.

As reported in the Department of Defense's FY15 Financial Report, Navy has a backlog of approximately \$41.8 billion of deferred restoration and modernization requirements across all shore infrastructure.

Navy's current facility condition is at 79. To eliminate the projected additional ½ point each year decline over the FY17 FYDP at current budget levels, our models show an additional \$620 million of facilities sustainment, restoration and modernization is required annually.

Mr. WITTMAN. What impact has the substantial reduction in MILCON spending had on the ability of installations to support readiness and serve as power-projection

platforms? How has significant new mission beddown requirements impacted ability to recapitalize existing mission facilities?

Admiral SMITH. Navy's Military Construction program is focused on providing maximum readiness to support current and new mission requirements, and we prioritize projects that directly enable operational readiness and the initial operating capability of new platforms and systems. Reduced budgets compel us to increase the risk Navy is taking in recapitalizing our shore infrastructure, forcing us to continue deferring vital MILCON projects until we can get some fiscal relief.

Mr. WITTMAN. Why has the Navy slowed their implementation of Utilities Privatization efforts? Does the Navy plan to continue the program on their remaining utility systems? If not, why?

Admiral SMITH. The Navy fully intends to continue the Utilities Privatization program where economically feasible and in support of evolving resilient, cyber secure and energy efficient directives and initiatives. We have an ongoing study, expected to complete in CY16, to determine if there are other areas of infrastructure that Navy can privatize. In addition to privatization, the Navy utilizes Utility Energy Service Contracts (UESC) to improve utility condition and performance while reducing energy consumption. For example, we have \$7M (est) UESC effort under development at SUBASE New London which is projected to reduce consumption by 12%.

Mr. WITTMAN. Are there any legislative gaps or impediments that hinder implementation of Utilities Privatization? Does the Navy need specific funding authority for UP contracts or other changes in authorities to allow program implementation to be more efficient?

Admiral SMITH. Current legislative authority (10 USC 2688) is sufficient.

Mr. WITTMAN. Have reductions in civilian- or contract-provided services for utility system operations; installation equipment maintenance; engineering services including fire protection, crash rescue, custodial, refuse collection, snow removal, and lease of real property; security protection and law enforcement; and motor pool transportation operations impacted availability of facilities that support operations and training?

Admiral JACKSON. Base services and shore infrastructure remain a key component to support and enable operations and training. The Navy has accepted an increased level of risk across a broad range of installation services including grounds maintenance, custodial, and transportation while preserving services and support in installation programs that directly support Fleet operations and training (e.g., air operations which includes air traffic control, ground electronics maintenance, etc.). Within programs that have seen significant service level reductions, like grounds maintenance, the Navy strives to maintain required capability to ensure operations and training readiness (e.g. funds grounds work to maintain clear zones around air fields and ordnance facilities).

Mr. WITTMAN. What is the impact of funding sustainment, restoration and modernization and military construction below requirements over the long term? What level of investment and over what period of time do you think will be necessary to fully restore the readiness of our installations and facilities?

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Mr. WITTMAN. Have reductions in civilian- or contract-provided services for utility system operations; installation equipment maintenance; engineering services including fire protection, crash rescue, custodial, refuse collection, snow removal, and lease of real property; security protection and law enforcement; and motor pool transportation operations impacted availability of facilities that support operations and training?

Captain SCHAGER. Base services and shore infrastructure remain a key component to support and enable operations and training. The Navy has accepted an increased level of risk across a broad range of installation services including grounds maintenance, custodial, and transportation while preserving services and support in installation programs that directly support Fleet operations and training (e.g., air operations which includes air traffic control, ground electronics maintenance, etc.).

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